



General Assembly

January Session, 2005

Raised Bill No. 998

LCO No. 3046

* SB00998INSFIN032205 *

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT CONCERNING FINES LEVIED BY THE INSURANCE COMMISSIONER.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-2 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 Any person or corporation violating any provision of this title for
4 the violation of which no other penalty is provided shall be fined not
5 more than [seven thousand five hundred] fifteen thousand dollars.

6 Sec. 2. Subsection (c) of section 38a-41 of the general statutes is
7 repealed and the following is substituted in lieu thereof (*Effective*
8 *October 1, 2005*):

9 (c) The commissioner may, at any time, for cause, suspend, revoke
10 or refuse to renew any such license or in lieu of or in addition to
11 suspension or revocation of such license the commissioner, after
12 reasonable notice to and hearing of any holder of such license, may
13 impose a fine not to exceed [ten] fifty thousand dollars. Such hearings
14 may be held by the commissioner or any person designated by the

15 commissioner. Whenever a person other than the commissioner acts as
16 the hearing officer, the person shall submit to the commissioner a
17 memorandum of the person's findings and recommendations upon
18 which the commissioner may base a decision. The commissioner may,
19 if the commissioner deems it in the interest of the public, publish in
20 one or more newspapers of the state a statement that, under the
21 provisions of this section, the commissioner has suspended or revoked
22 the license of any insurance company or health care center to do
23 business in this state.

24 Sec. 3. Subsection (h) of section 38a-48 of the general statutes is
25 repealed and the following is substituted in lieu thereof (*Effective*
26 *October 1, 2005*):

27 (h) If any assessment is not paid when due, a penalty of [ten]
28 twenty-five dollars shall be added thereto, and interest at the rate of six
29 per cent per annum shall be paid thereafter on such assessment and
30 penalty.

31 Sec. 4. Subsection (d) of section 38a-53 of the general statutes is
32 repealed and the following is substituted in lieu thereof (*Effective*
33 *October 1, 2005*):

34 (d) Any insurance company or health care center doing business in
35 this state which fails to file any report or statement required under this
36 section shall pay a late filing fee of one hundred fifty dollars per day
37 for each day from the due date of such report or statement to the date
38 of filing.

39 Sec. 5. Subsection (a) of section 38a-90f of the general statutes is
40 repealed and the following is substituted in lieu thereof (*Effective*
41 *October 1, 2005*):

42 (a) If the commissioner finds after reasonable notice and hearing
43 that the managing general agent or any other person has not materially
44 complied with any provision of sections 38a-90 to 38a-90h, inclusive, or

45 any regulation or order [promulgated] adopted thereunder, the
46 commissioner may order: (1) For each separate violation, a penalty in
47 an amount of [ten] fifteen thousand dollars, and (2) revocation or
48 suspension of the person's insurance license.

49 Sec. 6. Subsections (c) to (f), inclusive, of section 38a-140 of the
50 general statutes are repealed and the following is substituted in lieu
51 thereof (*Effective October 1, 2005*):

52 (c) (1) Whenever it appears to the commissioner that any insurance
53 company or any director, officer, employee or agent thereof has
54 committed a wilful violation of sections 38a-129 to 38a-140, inclusive,
55 the commissioner may cause criminal proceedings to be instituted by
56 the state's attorney for the judicial district in which the principal office
57 of the insurance company is located or, if such insurance company has
58 no such office in the state, by the state's attorney for the judicial district
59 of Hartford against such insurance company or the responsible
60 director, officer, employee or agent thereof. Any insurance company
61 which wilfully violates said sections shall be fined not more than [ten]
62 fifty thousand dollars. Any individual who wilfully violates said
63 sections shall be fined not more than [three] fifteen thousand dollars
64 or, if such wilful violation involves the deliberate perpetration of a
65 fraud upon the commissioner, shall be imprisoned not more than two
66 years or so fined or both.

67 (2) Any officer, director or employee of an insurance holding
68 company system who wilfully and knowingly subscribes to or makes
69 or causes to be made any false statements or false reports or false
70 filings with the intent to deceive the commissioner in the performance
71 of his duties under sections 38a-129 to 38a-140, inclusive, upon
72 conviction thereof, shall be imprisoned not more than five years or
73 fined not more than [twenty-five] fifty thousand dollars or both. Any
74 fines imposed shall be paid by the officer, director or employee in his
75 or her individual capacity.

76 (d) Whenever it appears to the commissioner that any person has
77 committed a violation of sections 38a-129 to 38a-140, inclusive, which
78 makes the continued operation of an insurance company contrary to
79 the interests of its policyholders or the public, the commissioner may,
80 after giving notice and an opportunity to be heard, suspend, revoke or
81 refuse to renew such insurance company's license or authority to do
82 business in this state for such period as he finds is required for the
83 protection of its policyholders or the public.

84 (e) Any insurance company failing, without just cause, to file any
85 registration statement as required in section 38a-135 shall be required,
86 after notice and hearing, to pay a penalty of one hundred fifty dollars
87 for each day's delay, to be recovered by the commissioner and the
88 penalty so recovered shall be paid into the Insurance Fund established
89 under section 38a-52a. The maximum penalty under this section [is
90 ten] shall be fifteen thousand dollars. The commissioner may reduce
91 the penalty if the insurance company demonstrates to the
92 commissioner that the imposition of the penalty would constitute a
93 hardship to the insurance company.

94 (f) [Every] Each director or officer of any insurance holding
95 company system who wilfully and knowingly violates, participates in,
96 or assents to, or who wilfully and knowingly shall permit any of the
97 officers or agents of the insurance company to engage in transactions
98 or make investments which have not been properly reported or
99 submitted pursuant to section 38a-135 or 38a-136, or which violate
100 sections 38a-129 to 38a-140, inclusive, shall pay, in their individual
101 capacity, a civil forfeiture of not more than [five thousand] seven
102 thousand five hundred dollars per violation, after notice and hearing
103 before the commissioner. Any civil forfeiture so recovered shall be
104 paid into the Insurance Fund as established under section 38a-52a. In
105 determining the amount of the civil forfeiture, the commissioner shall
106 take into account the appropriateness of the forfeiture with respect to
107 the gravity of the violation, the history of previous violations, and such
108 other matters as [he] the commissioner deems necessary.

109 Sec. 7. Subsection (b) of section 38a-164 of the general statutes is
110 repealed and the following is substituted in lieu thereof (*Effective*
111 *October 1, 2005*):

112 (b) Before the commissioner may revoke, suspend, or refuse to
113 renew the license of any insurance premium finance company for
114 cause shown, [he] the commissioner shall give to such company an
115 opportunity to be fully heard and to introduce evidence in its behalf.
116 In addition to or in lieu of such suspension or revocation of any license
117 the commissioner may impose a fine not to exceed [one] five thousand
118 dollars [in] with respect [of] to each violation of any of the provisions
119 of subsection (a) of this section, and if [in his judgment he] the
120 commissioner finds that the public interest would not be substantially
121 harmful by the continued operation of such company, [he] the
122 commissioner shall not be [obliged] required to suspend, revoke or
123 refuse to renew any such license. The amount of any such fine shall be
124 paid to the commissioner for deposit in the General Fund. In any
125 hearing held under the provisions of sections 38a-160 to 38a-170,
126 inclusive, the commissioner, or any hearing officer duly appointed by
127 the commissioner, may administer oaths to witnesses and any person
128 testifying falsely, after being administered such oath, shall be guilty of
129 perjury.

130 Sec. 8. Section 38a-226b of the general statutes is repealed and the
131 following is substituted in lieu thereof (*Effective October 1, 2005*):

132 (1) Whenever the commissioner has reason to believe that a
133 utilization review company subject to sections 38a-226 to 38a-226d,
134 inclusive, as amended by this act, has been or is engaging in conduct in
135 violation of said sections, and that a proceeding by [him in respect
136 thereto] the commissioner would be in the interest of the public, the
137 commissioner shall issue and serve upon such company a statement of
138 the charges in that respect and a notice of a hearing to be held at a time
139 and place fixed in the notice, which shall not be less than thirty days
140 after the date of service. At the time and place fixed for such hearing,

141 such company shall have an opportunity to be heard and to show
142 cause why an order should not be made by the commissioner
143 requiring such company to cease and desist from the alleged conduct
144 complained of.

145 (2) If, after such hearing, the commissioner determines that the
146 utilization review company charged has engaged in a violation of
147 sections 38a-226 to 38a-226d, inclusive, as amended by this act, [he] the
148 commissioner shall reduce [his] findings to writing and shall issue and
149 cause to be served upon the utilization review company a copy of such
150 findings and an order requiring such company to cease and desist
151 from engaging in such violation. The commissioner may [, at his
152 discretion,] order any one or more of the following:

153 (A) Payment of a civil penalty of not more than one thousand five
154 hundred dollars for each and every act or violation, provided such
155 penalty shall not exceed an aggregate penalty of [ten] fifteen thousand
156 dollars unless the company knew or reasonably should have known it
157 was in violation of sections 38a-226 to 38a-226d, inclusive, as amended
158 by this act, in which case the penalty shall be not more than [five]
159 seven thousand five hundred dollars for each and every act or
160 violation not to exceed an aggregate penalty of [fifty] seventy-five
161 thousand dollars in any six-month period;

162 (B) Suspension or revocation of the utilization review company's
163 license to do business in this state if it knew or reasonably should have
164 known that it was in violation of sections 38a-226 to 38a-226d,
165 inclusive, as amended by this act; and

166 (C) Payment of such reasonable expenses as may be necessary to
167 compensate the commissioner in connection with the proceedings
168 under this subdivision which shall be dedicated exclusively to the
169 regulation of utilization review.

170 (3) Any company aggrieved by any such order of the commissioner
171 may appeal therefrom in accordance with the provisions of section 4-

172 183, except venue for such appeal shall be in the judicial district of
173 New Britain.

174 (4) Any person who violates a cease and desist order of the
175 commissioner made pursuant to this section and while such order is in
176 effect shall, after notice and hearing and upon order of the
177 commissioner, be subject to the following: (A) A civil penalty of not
178 more than [fifty] seventy-five thousand dollars; or (B) suspension or
179 revocation of such person's license.

180 Sec. 9. Subsection (d) of section 38a-226c of the general statutes is
181 repealed and the following is substituted in lieu thereof (*Effective*
182 *October 1, 2005*):

183 (d) No provider, enrollee or agent thereof may provide to any
184 utilization review company information which is fraudulent or
185 misleading. If fraudulent or misleading statements have occurred, the
186 commissioner shall provide notice of the alleged violation and
187 opportunity to request a hearing in accordance with chapter 54 to said
188 provider, enrollee or agent thereof. If a hearing is not requested or if
189 after a hearing the commissioner finds that a violation has in fact
190 occurred, the commissioner may impose a civil penalty (1) of not more
191 than [five thousand] seven thousand five hundred dollars, or (2)
192 commensurate with the value of services provided which were
193 certified as a result of said fraudulent or misleading information. In
194 addition, any allegation or denial made without reasonable cause and
195 found untrue shall subject the party pleading the same to the payment
196 of such reasonable expenses as may be necessary to compensate the
197 department for expenses incurred due to such untrue pleading. All
198 such payments to the department shall be dedicated exclusively to the
199 regulation of utilization review.

200 Sec. 10. Subsection (e) of section 38a-277 of the general statutes is
201 repealed and the following is substituted in lieu thereof (*Effective*
202 *October 1, 2005*):

203 (e) If the insured fails to withhold from the premium the amount of
 204 tax herein levied, the insured shall be liable for the amount thereof and
 205 shall pay the same to the Commissioner of Revenue Services within
 206 the time stated in subsection (c) of this section. Any person who fails to
 207 pay the tax within the time stated in subsection (c) of this section shall
 208 pay a penalty of ten per cent thereof or ~~[fifty]~~ seventy-five dollars,
 209 whichever is greater, which penalty shall be paid at the time of paying
 210 such tax. Interest shall be added to the tax at the rate of one per cent
 211 per month or fraction thereof from the date such payment was due to
 212 the date paid. Subject to the provisions of section 12-3a, the
 213 commissioner may waive all or part of the penalties provided under
 214 this section when it is proven to ~~[his]~~ the commissioner's satisfaction
 215 that the failure to pay any tax was due to reasonable cause and was not
 216 intentional or due to neglect.

217 Sec. 11. Section 38a-278 of the general statutes is repealed and the
 218 following is substituted in lieu thereof (*Effective October 1, 2005*):

219 (a) Any unauthorized insurer who does any act of an insurance
 220 business as set forth in section 38a-271 shall be fined not more than
 221 ~~[ten]~~ fifty thousand dollars.

222 (b) In addition to the penalty provided in subsection (a) of this
 223 section or otherwise provided by law, any person or insurer violating
 224 section 38a-27 or 38a-271 to 38a-278, inclusive, as amended by this act,
 225 shall be fined two thousand five hundred dollars for the first offense
 226 and an additional two thousand five hundred dollars for each month
 227 during which any such person or insurer continues such violation.

228 Sec. 12. Section 38a-287 of the general statutes is repealed and the
 229 following is substituted in lieu thereof (*Effective October 1, 2005*):

230 Any person who obtains or attempts to obtain, from any life or
 231 accident insurance company of this state, any money on any policy of
 232 insurance issued by it, by falsely or fraudulently representing the
 233 insured person as dead or the person insured against accident as

234 injured, or fraudulently obtains or attempts to obtain any money from
 235 such company upon a policy of insurance issued in the name of a
 236 fictitious person, shall, (1) if the sum so obtained or attempted to be
 237 obtained is [one hundred] two thousand dollars or more, be
 238 imprisoned not more than ten years, [; and,] and (2) if [such] the sum is
 239 less than [one hundred] two thousand dollars, [he shall] be fined not
 240 more than [five hundred] ten thousand dollars or imprisoned not more
 241 than one year or both.

242 Sec. 13. Section 38a-306 of the general statutes is repealed and the
 243 following is substituted in lieu thereof (*Effective October 1, 2005*):

244 The form of policy of fire insurance set forth in section 38a-307 shall
 245 be known and designated as "The Standard Fire Insurance Policy of
 246 the State of Connecticut". The standard form of policy shall be plainly
 247 printed, and no portion thereof shall be in type smaller than the type
 248 used in printing such form on file in the office of the commissioner.
 249 The provisions of this section shall not limit insurance companies to
 250 the use of any particular size of paper or manner of folding the paper
 251 upon which their policies may be issued, and each agent who makes,
 252 issues or delivers a policy of fire insurance other than the standard
 253 form of fire insurance policy shall forfeit for each offense not more
 254 than [two hundred] one thousand dollars, [;] but such policy shall be
 255 binding upon the company issuing the same to the same extent and on
 256 the same conditions as if it had been in the standard form.

257 Sec. 14. Section 38a-464 of the general statutes is repealed and the
 258 following is substituted in lieu thereof (*Effective October 1, 2005*):

259 A "burial contract" or "burial certificate", within the meaning of this
 260 section, is any instrument in writing whereby any person, firm,
 261 corporation or association, in consideration of the payment of a
 262 specified sum of money or for any other valuable consideration,
 263 promises or agrees to embalm or inter or otherwise dispose of, or to
 264 procure the embalmment or interment or other disposal of, the

265 remains of any person who is living at the time of the execution of
266 such instrument. No person, firm, corporation or association shall
267 transact the business of issuing burial contracts or burial certificates
268 until such person, firm, corporation or association has procured from
269 the commissioner a license to conduct such business under such
270 regulations as the commissioner [prescribes] may prescribe in
271 accordance with chapter 54. All the applicable provisions of the
272 general statutes which pertain to and govern the issuance of policies of
273 life insurance are made applicable to and shall govern the issuance of
274 burial contracts or burial certificates. Any person who violates any
275 provision of this section shall be fined not more than [five hundred] six
276 thousand dollars or imprisoned not more than one year or both.

277 Sec. 15. Section 38a-506 of the general statutes is repealed and the
278 following is substituted in lieu thereof (*Effective October 1, 2005*):

279 Any insurer, hospital or medical service corporation, health care
280 center or fraternal benefit society, or any officer or agent thereof,
281 delivering or issuing for delivery to any person in this state any policy
282 in violation of any of the provisions of sections 38a-481 to 38a-488,
283 inclusive, shall be fined not more than [five hundred] ten thousand
284 dollars for each offense, and the commissioner may revoke the license
285 of any foreign or alien insurer, or any agent thereof, violating any of
286 said provisions.

287 Sec. 16. Subsection (a) of section 38a-537 of the general statutes is
288 repealed and the following is substituted in lieu thereof (*Effective*
289 *October 1, 2005*):

290 (a) Any individual, partnership, corporation, or unincorporated
291 association providing group health insurance coverage for its
292 employees shall furnish each insured employee, upon cancellation or
293 discontinuation of such health insurance, notice of the cancellation or
294 discontinuation of such insurance. The notice shall be mailed or
295 delivered to the insured employee not less than fifteen days next

296 preceding the effective date of cancellation or discontinuation. Any
297 individual or any such entity which fails to provide timely notice shall
298 be fined not more than [one] two thousand dollars for each violation.
299 The Labor Commissioner shall have the authority to assess all such
300 fines. This section shall apply to any such individual, partnership,
301 corporation or unincorporated association which substitutes one policy
302 providing such group health insurance coverage for another such
303 policy with no interruption in coverage.

304 Sec. 17. Section 38a-548 of the general statutes is repealed and the
305 following is substituted in lieu thereof (*Effective October 1, 2005*):

306 Any insurer, hospital or medical service corporation, health care
307 center or fraternal benefit society, or any officer or agent thereof,
308 delivering or issuing for delivery to any person in this state any policy
309 in violation of any of the provisions of sections 38a-512 to 38a-533,
310 inclusive, 38a-537 to 38a-542, inclusive, as amended by this act, and
311 38a-545, shall be fined not more than [five hundred] one thousand
312 dollars for each offense, and the commissioner may revoke the license
313 of any foreign or alien insurer, or any agent thereof, violating any of
314 those provisions.

315 Sec. 18. Section 38a-588 of the general statutes is repealed and the
316 following is substituted in lieu thereof (*Effective October 1, 2005*):

317 Any dental plan organization which violates any provision of
318 sections 38a-577 to 38a-590, inclusive, or neglects, fails or refuses to
319 comply with any of the requirements of said sections, except the failure
320 to file an annual report and the failure to reply in writing to inquiries
321 of the commissioner, shall be liable for a civil penalty of not more than
322 one thousand five hundred dollars for each violation. The
323 commissioner may bring a civil action to recover the amount of a civil
324 penalty.

325 Sec. 19. Section 38a-626 of the general statutes is repealed and the
326 following is substituted in lieu thereof (*Effective October 1, 2005*):

327 Any person who wilfully makes a false or fraudulent statement in
328 or relating to an application for membership or for the purpose of
329 obtaining money from or a benefit in any society shall be fined not less
330 than [one hundred] two thousand dollars nor more than [five
331 hundred] ten thousand dollars or imprisoned not less than thirty days
332 nor more than one year or both. Any person who wilfully makes a
333 false or fraudulent statement in any verified report or declaration
334 under oath required or authorized by sections 38a-595 to 38a-626,
335 inclusive, 38a-631 to 38a-640, inclusive, and 38a-800, or of any material
336 fact or thing contained in a sworn statement concerning the death or
337 disability of a member for the purpose of procuring payment of a
338 benefit named in the certificate, shall be guilty of false statement and
339 shall be subject to the penalties therefor. Any person who solicits
340 membership for, or in any manner assists in procuring membership in,
341 any society not licensed to do business in this state shall be fined not
342 less than [fifty] one thousand dollars nor more than [two hundred]
343 four thousand dollars. Any person guilty of a wilful violation of, or
344 neglect or refusal to comply with, the provisions of said sections for
345 which a penalty is not otherwise prescribed shall be fined not more
346 than [two hundred] four thousand dollars.

347 Sec. 20. Section 38a-658 of the general statutes is repealed and the
348 following is substituted in lieu thereof (*Effective October 1, 2005*):

349 Any person, firm or corporation violating any provision of sections
350 38a-645 to 38a-658, inclusive, shall be fined not more than [two
351 hundred and fifty] one thousand five hundred dollars or imprisoned
352 not more than two years or both. The commissioner may revoke or
353 suspend the license or certificate of authority of the person guilty of
354 such violation. Such order for suspension or revocation shall be after
355 notice and hearing, and shall be subject to judicial review as provided
356 in section 38a-657.

357 Sec. 21. Section 38a-680 of the general statutes is repealed and the
358 following is substituted in lieu thereof (*Effective October 1, 2005*):

359 Any person, insurer, organization, group or association that fails to
360 comply with the final order of the Insurance Commissioner pursuant
361 to sections 38a-663 to 38a-696, inclusive, shall be fined not more than
362 [one] two thousand dollars, but if such failure be wilful, not more than
363 [ten] twenty thousand dollars, or imprisoned not more than one year
364 or both. The commissioner shall collect the amount so payable and
365 such penalties may be in addition to any other penalties provided by
366 law.

367 Sec. 22. Section 38a-703 of the general statutes is repealed and the
368 following is substituted in lieu thereof (*Effective October 1, 2005*):

369 No person shall, within this state, solicit or procure insurance,
370 except with regard to his own property or person, with or by any
371 insurance company which does not hold a certificate then in force from
372 the commissioner authorizing such insurance company to do such
373 insurance business in this state, or deliver policies or collect premiums
374 of or for any such company; nor shall any person aid in any way in the
375 transaction in this state of any insurance business with or by any
376 insurance company not thus authorized, except to obtain insurance
377 upon his own property or person. Any person who aids any
378 corporation, association or person not authorized to do insurance
379 business in this state in soliciting such business from residents of this
380 state, by means of any advertisement published in this state or by any
381 other means, shall be fined not more than [one hundred] two thousand
382 dollars or imprisoned not more than six months or both.

383 Sec. 23. Section 38a-704 of the general statutes is repealed and the
384 following is substituted in lieu thereof (*Effective October 1, 2005*):

385 Any person, partnership, association, limited liability company or
386 corporation, or any person, partnership, association, limited liability
387 company or corporation acting under a trade name, who acts within
388 this state, either on the person's own behalf or as a representative or
389 agent of any other person or partnership, association, limited liability

390 company or corporation or any other person, partnership, association,
391 limited liability company or corporation acting under a trade name, as
392 an insurance producer, as defined in section 38a-702a, unless such
393 person holds an insurance producer license then in force from the
394 commissioner authorizing the person so to act, shall be fined not more
395 than [five hundred] ten thousand dollars or imprisoned not more than
396 three months or both.

397 Sec. 24. Section 38a-713 of the general statutes is repealed and the
398 following is substituted in lieu thereof (*Effective October 1, 2005*):

399 Any insurance producer who signs or countersigns any policy of
400 insurance or countersigns any endorsement thereon in blank shall be
401 fined not more than one [hundred] thousand dollars [,] and the
402 commissioner shall revoke the producer's license.

403 Sec. 25. Section 38a-725 of the general statutes is repealed and the
404 following is substituted in lieu thereof (*Effective October 1, 2005*):

405 Any person who acts within this state, either [in his] on the person's
406 own behalf or as representative or agent of any other person or any
407 partnership, association or corporation as a public adjuster, unless
408 such person holds a license then in force from the commissioner
409 authorizing [him] the person so to act, shall be fined not more than
410 [five hundred] ten thousand dollars or imprisoned not more than three
411 months or both.

412 Sec. 26. Section 38a-733 of the general statutes is repealed and the
413 following is substituted in lieu thereof (*Effective October 1, 2005*):

414 A certified insurance consultant who furnishes any advice or
415 counsel as such consultant, makes any recommendation or gives any
416 information except under the terms of a previously executed written
417 contract conforming to section 38a-732 and in full force and effect shall
418 thereupon, in [every] each case, give to the recipient thereof a
419 statement in writing, signed by [him] the consultant, in a form

420 currently approved by the commissioner, specifying the advice,
421 counsel, recommendation or information given, and a receipt, in a
422 form currently approved by the commissioner, for the fee paid to [him]
423 the consultant or a statement, in a form currently approved by the
424 commissioner, of the fee to be received by [him] the consultant
425 therefor. Any person who violates any provision of this section shall be
426 fined not less than two hundred fifty nor more than two thousand five
427 hundred dollars.

428 Sec. 27. Section 38a-735 of the general statutes is repealed and the
429 following is substituted in lieu thereof (*Effective October 1, 2005*):

430 Any person who acts as a certified insurance consultant without
431 such license or during a suspension of [his] the person's license shall
432 be fined not less than two hundred fifty nor more than two thousand
433 five hundred dollars or be imprisoned not more than six months or
434 both.

435 Sec. 28. Subsection (b) of section 38a-764 of the general statutes is
436 repealed and the following is substituted in lieu thereof (*Effective*
437 *October 1, 2005*):

438 (b) Any person who in this state acts as fraternal agent for a society
439 without having authority so to do by virtue of a license issued and in
440 force pursuant to the provisions of this section, except as provided in
441 subsection (a) of this section, shall be fined not more than [one
442 hundred] ten thousand dollars.

443 Sec. 29. Section 38a-773 of the general statutes is repealed and the
444 following is substituted in lieu thereof (*Effective October 1, 2005*):

445 Any person impersonating or attempting or offering to impersonate
446 another person in taking or attempting or offering to take any
447 examination held in accordance with the regulations of the Insurance
448 Department, or procuring any other person falsely to take or attempt
449 or offer to take any such examination for an applicant for a license,

450 shall be fined not more than [five hundred] four thousand dollars or
451 imprisoned not more than six months or both.

452 Sec. 30. Subsection (a) of section 38a-774 of the general statutes is
453 repealed and the following is substituted in lieu thereof (*Effective*
454 *October 1, 2005*):

455 (a) The commissioner, after reasonable notice to and hearing of any
456 holder of a license issued by the commissioner, may suspend or revoke
457 the license for cause shown. In addition to or in lieu of suspension or
458 revocation, the commissioner may impose a fine not to exceed [one]
459 five thousand dollars. Hearings may be held by the commissioner or
460 by any person designated by the commissioner. Whenever a person
461 other than the commissioner acts as the hearing officer, [he] the person
462 shall submit to the commissioner a memorandum of [his] findings and
463 recommendations upon which the commissioner may base [his] a
464 decision.

465 Sec. 31. Section 38a-777 of the general statutes is repealed and the
466 following is substituted in lieu thereof (*Effective October 1, 2005*):

467 Any licensee under sections 38a-741 to 38a-744, inclusive, [38a-777
468 and] or section 38a-794 who negotiates, continues or renews any
469 contract for insurance in any unauthorized company, and who
470 neglects to make and file the affidavit and statements required by said
471 sections, or who wilfully makes a false affidavit or statement, or who
472 negotiates, continues or renews any such contract of insurance after
473 the revocation or during the suspension of the licensee's license, shall
474 forfeit the license if not previously revoked and shall be fined not more
475 than [five hundred] four thousand dollars or imprisoned not more
476 than six months or both.

477 Sec. 32. Subsection (c) of section 38a-786 of the general statutes is
478 repealed and the following is substituted in lieu thereof (*Effective*
479 *October 1, 2005*):

480 (c) The commissioner may at any time require such information as
481 [he] the commissioner deems necessary [in] with respect to the
482 business methods, policies and transactions of a licensee under this
483 section. Any person who fails or refuses to furnish the commissioner,
484 in such form as [he] the commissioner may require, any such
485 information within ten days after receiving a written request therefor
486 shall be fined not less than two hundred fifty nor more than two
487 thousand five hundred dollars.

488 Sec. 33. Subsection (b) of section 38a-790 of the general statutes is
489 repealed and the following is substituted in lieu thereof (*Effective*
490 *October 1, 2005*):

491 (b) Any person who violates any provision of this section shall be
492 fined not more than two thousand five hundred dollars or imprisoned
493 not more than one year or both.

494 Sec. 34. Subsection (c) of section 38a-792 of the general statutes is
495 repealed and the following is substituted in lieu thereof (*Effective*
496 *October 1, 2005*):

497 (c) Any person who violates any provision of this section shall be
498 fined not more than two [hundred] thousand dollars or imprisoned
499 not more than one year or both.

500 Sec. 35. Section 38a-817 of the general statutes is repealed and the
501 following is substituted in lieu thereof (*Effective October 1, 2005*):

502 (a) Whenever the commissioner has reason to believe that any such
503 person has been engaged or is engaging in violation of sections 38a-815
504 to 38a-819, inclusive, in any unfair method of competition or any
505 unfair or deceptive act or practice defined in section 38a-816, and that a
506 proceeding by him in respect thereto would be to the interest of the
507 public, he shall issue and serve upon such person a statement of the
508 charges in that respect and a notice of a hearing thereon to be held at a
509 time and place fixed in the notice, which shall not be less than thirty

510 days after the date of the service thereof. At the time and place fixed
511 for such hearing, such person shall have an opportunity to be heard
512 and to show cause why an order should not be made by the
513 commissioner requiring such person to cease and desist from the acts,
514 methods or practices so complained of. Upon good cause shown, the
515 commissioner shall permit any person to intervene, appear and be
516 heard at such hearing by counsel or in person. The commissioner,
517 upon such hearing, may administer oaths, examine and cross-examine
518 witnesses and receive oral and documentary evidence, and shall have
519 the power to subpoena witnesses, compel their attendance and require
520 the production of books, papers, records, correspondence or other
521 documents which he deems relevant to the inquiry. In case of a refusal
522 of any person to comply with any subpoena issued hereunder or to
523 testify with respect to any matter concerning which he may be lawfully
524 interrogated, the superior court for the judicial district of New Britain
525 or the superior court for the judicial district where such person resides,
526 on application of the commissioner, may issue an order requiring such
527 person to comply with such subpoena and to testify; and any failure to
528 obey any such order of the court may be punished by the court as a
529 contempt thereof. Statements of charges, notices, orders and other
530 processes of the commissioner under sections 38a-815 to 38a-819,
531 inclusive, may be served in the manner provided by law for service of
532 process in civil actions.

533 (b) If, after such hearing, the commissioner determines that the
534 person charged has engaged in an unfair method of competition or an
535 unfair or deceptive act or practice, the commissioner shall reduce the
536 commissioner's findings to writing and shall issue and cause to be
537 served upon the person charged with the violation a copy of such
538 findings and an order requiring such person to cease and desist from
539 engaging in such method of competition, act or practice and if the act
540 or practice is a violation of section 38a-816, the commissioner may, at
541 the commissioner's discretion order any one or more of the following:
542 (1) Payment of a monetary penalty of not more than [one] five
543 thousand dollars for each and every act or violation but not to exceed

544 an aggregate penalty of [ten] fifty thousand dollars unless the person
 545 knew or reasonably should have known that the person was in
 546 violation of [section] sections 38a-815, 38a-816, this subsection and
 547 subsection (e) of this section, in which case the penalty shall be not
 548 more than [five] ten thousand dollars for each and every act or
 549 violation but not to exceed an aggregate penalty of [fifty] one hundred
 550 thousand dollars in any six-month period; (2) suspension or revocation
 551 of the person's license if the person knew or reasonably should have
 552 known the person was in violation of said sections and subsections; (3)
 553 restitution of any sums shown to have been obtained in violation of
 554 any of the provisions of said sections or any regulation implementing
 555 the provisions of said sections.

556 (c) Any person aggrieved by any such order of the commissioner
 557 may appeal therefrom in accordance with the provisions of section 4-
 558 183, except venue for such appeal shall be in the judicial district of
 559 New Britain.

560 (d) No order of the commissioner under sections 38a-815 to 38a-819,
 561 inclusive, shall relieve or absolve any person affected by such order
 562 from any liability under any other laws of this state.

563 (e) Any person who violates a cease and desist order of the
 564 commissioner made pursuant to this section and while such order is in
 565 effect shall, after notice and hearing and upon order of the
 566 commissioner, be subject to any one or more of the following: (1) A
 567 monetary penalty of not more than [ten] fifty thousand dollars for each
 568 and every act or violation; or (2) suspension or revocation of such
 569 person's license.

570 Sec. 36. Section 38a-826 of the general statutes is repealed and the
 571 following is substituted in lieu thereof (*Effective October 1, 2005*):

572 No insurance company, producer or any other person,
 573 copartnership or corporation shall make or issue, or cause to be made
 574 or issued, any written or oral statements, misrepresenting or making

575 incomplete comparisons regarding the terms or conditions or benefits
576 contained in any policy or contract of insurance, legally issued by any
577 insurance company licensed to transact business in this state, for the
578 purpose of inducing or attempting to induce the owner of such policy
579 or contract of insurance to forfeit or surrender such policy or contract
580 of insurance or allow it to lapse for the purpose of replacing such
581 policy or contract of insurance with another. Any person who violates
582 any provision of this section shall be fined not more than five
583 [hundred] thousand dollars or imprisoned not more than thirty days
584 or both.

585 Sec. 37. Section 38a-830 of the general statutes is repealed and the
586 following is substituted in lieu thereof (*Effective October 1, 2005*):

587 Any person or corporation which violates any provision of section
588 38a-828 or 38a-829 shall, for the first offense, forfeit to the state [five
589 hundred] ten thousand dollars and, for each subsequent offense, [one]
590 twenty thousand dollars.

591 Sec. 38. Subdivision (2) of section 38a-843 of the general statutes is
592 repealed and the following is substituted in lieu thereof (*Effective*
593 *October 1, 2005*):

594 (2) The commissioner may: (a) Require that said association notify
595 those persons insured by the insolvent insurer, and any other
596 interested parties, of the determination of insolvency and of their
597 rights under sections 38a-836 to 38a-853, inclusive. Such notification
598 shall be by mail sent to their last known address, where available,
599 provided if sufficient information for such notification by mail is not
600 available, notice by publication in a newspaper of general circulation
601 shall be sufficient to satisfy the requirements of this subsection; (b)
602 suspend or revoke, after notice and hearing, the certificate of authority
603 to transact insurance in this state of any member insurer which fails to
604 pay an assessment when due or which fails to comply with said plan
605 of operation. In lieu of any such suspension or revocation, the
606 commissioner may levy a fine on any member insurer which fails to

607 pay an assessment when due, provided no such fine shall exceed five
608 per cent of the unpaid assessment per month, and provided no fine
609 shall be less than [one] five hundred dollars per month; (c) revoke the
610 designation of any servicing facility if [he] the commissioner finds
611 claims are being handled unsatisfactorily.

612 Sec. 39. Subsection (b) of section 38a-868 of the general statutes is
613 repealed and the following is substituted in lieu thereof (*Effective*
614 *October 1, 2005*):

615 (b) The commissioner may suspend or revoke, after notice and
616 hearing, the certificate of authority issued by this state to any member
617 insurer which fails to pay an assessment when due or fails to comply
618 with the plan of operation. As an alternative the commissioner may
619 levy a forfeiture on any member insurer which fails to pay an
620 assessment when due. Such forfeiture shall not exceed five per cent of
621 the unpaid assessment per month, but no forfeiture shall be less than
622 [one] five hundred dollars per month.

623 Sec. 40. Section 38a-885 of the general statutes is repealed and the
624 following is substituted in lieu thereof (*Effective October 1, 2005*):

625 Any person filing with the department any notice, statement or
626 other document required under the provisions of section 38a-884 []
627 which is false or untrue or contains any material misstatement of fact
628 shall be fined not less than [two] three hundred dollars.

629 Sec. 41. Subsection (d) of section 38a-908 of the general statutes is
630 repealed and the following is substituted in lieu thereof (*Effective*
631 *October 1, 2005*):

632 (d) Any person included within subsection (a) of this section who
633 fails to cooperate with the commissioner, or any person who obstructs
634 or interferes with the commissioner in the conduct of any delinquency
635 proceeding or any investigation preliminary or incidental thereto, or
636 who violates any order the commissioner issued validly under sections

637 38a-903 to 38a-961, inclusive, as amended by this act, may: (1) Be
638 sentenced to pay a fine not exceeding ten thousand dollars or to
639 undergo imprisonment for a term of not more than one year, or both,
640 or (2) after a hearing, be subject to the imposition by the commissioner,
641 of a civil penalty not to exceed [ten] twenty-five thousand dollars and
642 shall be subject further to the revocation or suspension of any
643 insurance licenses issued by the commissioner.

644 Sec. 42. Subsection (b) of section 38a-925 of the general statutes is
645 repealed and the following is substituted in lieu thereof (*Effective*
646 *October 1, 2005*):

647 (b) Any agent failing to give notice or file a report of compliance as
648 required in subsection (a) of this section may be subject to payment of
649 a penalty of not more than [one thousand] two thousand five hundred
650 dollars and may have his license suspended, said penalty to be
651 imposed after a hearing held by the commissioner.

652 Sec. 43. Subsection (b) of section 38a-935 of the general statutes is
653 repealed and the following is substituted in lieu thereof (*Effective*
654 *October 1, 2005*):

655 (b) Upon satisfactory evidence of a violation of this section, by a
656 person other than an insured, the commissioner may pursue either one
657 or both of the following courses of action: (1) Suspend or revoke or
658 refuse to renew the licenses of such offending party or parties; (2)
659 impose a penalty of not more than [one thousand] two thousand five
660 hundred dollars for each and every act in violation of this section by
661 said party or parties.

662 Sec. 44. Section 38a-997 of the general statutes is repealed and the
663 following is substituted in lieu thereof (*Effective October 1, 2005*):

664 Any person who knowingly and wilfully obtains information
665 concerning an individual from an insurance institution, agent or
666 insurance-support organization under false pretenses shall be fined not

667 more than [ten] twenty thousand dollars.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2005	38a-2
Sec. 2	October 1, 2005	38a-41(c)
Sec. 3	October 1, 2005	38a-48(h)
Sec. 4	October 1, 2005	38a-53(d)
Sec. 5	October 1, 2005	38a-90f(a)
Sec. 6	October 1, 2005	38a-140(c) to (f)
Sec. 7	October 1, 2005	38a-164(b)
Sec. 8	October 1, 2005	38a-226b
Sec. 9	October 1, 2005	38a-226c(d)
Sec. 10	October 1, 2005	38a-277(e)
Sec. 11	October 1, 2005	38a-278
Sec. 12	October 1, 2005	38a-287
Sec. 13	October 1, 2005	38a-306
Sec. 14	October 1, 2005	38a-464
Sec. 15	October 1, 2005	38a-506
Sec. 16	October 1, 2005	38a-537(a)
Sec. 17	October 1, 2005	38a-548
Sec. 18	October 1, 2005	38a-588
Sec. 19	October 1, 2005	38a-626
Sec. 20	October 1, 2005	38a-658
Sec. 21	October 1, 2005	38a-680
Sec. 22	October 1, 2005	38a-703
Sec. 23	October 1, 2005	38a-704
Sec. 24	October 1, 2005	38a-713
Sec. 25	October 1, 2005	38a-725
Sec. 26	October 1, 2005	38a-733
Sec. 27	October 1, 2005	38a-735
Sec. 28	October 1, 2005	38a-764(b)
Sec. 29	October 1, 2005	38a-773
Sec. 30	October 1, 2005	38a-774(a)
Sec. 31	October 1, 2005	38a-777
Sec. 32	October 1, 2005	38a-786(c)
Sec. 33	October 1, 2005	38a-790(b)
Sec. 34	October 1, 2005	38a-792(c)
Sec. 35	October 1, 2005	38a-817

Sec. 36	<i>October 1, 2005</i>	38a-826
Sec. 37	<i>October 1, 2005</i>	38a-830
Sec. 38	<i>October 1, 2005</i>	38a-843(2)
Sec. 39	<i>October 1, 2005</i>	38a-868(b)
Sec. 40	<i>October 1, 2005</i>	38a-885
Sec. 41	<i>October 1, 2005</i>	38a-908(d)
Sec. 42	<i>October 1, 2005</i>	38a-925(b)
Sec. 43	<i>October 1, 2005</i>	38a-935(b)
Sec. 44	<i>October 1, 2005</i>	38a-997

INS***Joint Favorable C/R******FIN***